

Message Text

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ORIGIN STR-07

INFO OCT-01 EA-10 ISO-00 COME-00 STRE-00 CTME-00
AGRE-00 CEA-01 CIAE-00 DODE-00 EB-08 FRB-03 H-01
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FM SECSTATE WASHDC

TO AMEMBASSY SEOUL PRIORITY

AMEMBASSY TAIPEI PRIORITY

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E.O. 11652:N/A

TAGS: ETRD, KR, US

SUBJECT: US/ROK FOOTWEAR CONSULTATIONS - PIPELINE PROBLEM

REF: (A) SEOUL 2641 (B) STATE 86755 (C) 77222
(D) STATE 93856

1. BELOW ARE LETTERS THAT WE ARE PROPOSING TO EXCHANGE
WITH THE KOREAN GOVERNMENT CONCERNING THE RESOLUTION OF
THE SO CALLED PIPELINE PROBLEM.

2. LETTER NUMBER 1 BEGINS QUOTE DEAR MR. MINISTER: I
HAVE THE HONOR TO REFER TO THE AGREEMENT BETWEEN THE
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GOVERNMENT OF THE REPUBLIC OF KOREA AND THE GOVERNMENT OF
THE UNITED STATES OF AMERICA REGARDING EXPORTS FROM THE
REPUBLIC OF KOREA OF NON-RUBBER FOOTWEAR, HEREINAFTER
REFERRED TO AS THE "AGREEMENT".

3. PARAGRAPH 2(D) OF THAT AGREEMENT CONTAINED SPECIAL
PROVISIONS REGARDING FOOTWEAR THAT WAS EXPORTED FROM THE

REPUBLIC OF KOREA BEFORE THE DATE THAT THE VISA REQUIREMENT BECAME EFFECTIVE UNDER THE AGREEMENT (JUNE 28, 1977). THESE PROVISIONS STATE IN PART THAT NON-RUBBER FOOTWEAR EXPORTED FROM THE REPUBLIC OF KOREA BEFORE JUNE 28, 1977,

AND THAT ENTERED THE UNITED STATES ON OR AFTER JUNE 1, 1977 BUT BEFORE SEPTEMBER 1, 1977, WOULD NOT BE COUNTED AGAINST THE FIRST YEAR'S RESTRAINT LEVEL UNLESS SUCH EXPORTS EXCEEDED 9 MILLION PAIRS. ALL SUCH EXPORTS IN EXCESS OF 9 MILLION PAIRS WOULD BE COUNTED AGAINST THE RESTRAINT LEVEL FOR THE FIRST YEAR.

4. THE PURPOSE OF THIS PROVISION WAS TO PERMIT A REASONABLE AMOUNT OF FOOTWEAR EXPORTS THAT WERE "IN THE PIPELINE" AT THE TIME THE AGREEMENT WAS SIGNED TO ENTER WITHOUT BEING COUNTED AGAINST THE RESTRAINT LEVELS, BUT TO COUNT THOSE "PIPELINE" SHIPMENTS IN EXCESS OF THE SPECIFIED LEVEL.

5. THE GOVERNMENT OF THE REPUBLIC OF KOREA HAS STATED THAT AT THE TIME THE AGREEMENT WAS SIGNED A FAR GREATER VOLUME OF FOOTWEAR WAS IN TRANSIT TO THE UNITED STATES THAN IT HAD ANTICIPATED. IT HAS ASKED FOR RELIEF FROM THE REDUCTION IN THE FIRST ANNUAL RESTRAINT LEVEL THAT HAS RESULTED FROM COUNTING "PIPELINE" SHIPMENTS IN EXCESS OF 9 MILLION PAIRS AGAINST THE FIRST YEAR'S LEVEL.
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6. THE GOVERNMENT OF THE UNITED STATES OF AMERICA ALSO HAS CONSENTED TO AMEND THE AGREEMENT IN ORDER TO PERMIT THE GOVERNMENT OF THE REPUBLIC OF KOREA TO REQUEST INCREASES IN THE YEAR'S RESTRAINT LEVELS BY BORROWING FROM THE SECOND YEAR'S LEVELS A LARGER AMOUNT THAN THE AGREEMENT ORIGINALLY PERMITTED. THUS THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF KOREA HAVE AGREED TO THE AMENDMENT SET FORTH BELOW, WHICH INCREASES THE AMOUNT OF FOOTWEAR THAT CAN BE TAKEN FROM THE SECOND YEAR'S RESTRAINT LEVELS AND ALLOCATED TO THE FIRST YEAR'S LEVELS.

7. PURSUANT TO DISCUSSIONS THAT HAVE BEEN HELD BETWEEN REPRESENTATIVES OF OUR TWO GOVERNMENTS, I HEREBY PROPOSE TO AMEND SUBPARAGRAPHS 4(C) AND 4(D) OF THE AGREEMENT TO READ AS FOLLOWS:

"4.(C) THE RESTRAINT LEVELS FOR EACH CATEGORY MAY BE EXCEEDED BY NOT MORE THAN 6 PERCENT IN ANY ONE RESTRAINT PERIOD, EXCEPT THAT IN THE RESTRAINT PERIOD JUNE 28, 1977 - JUNE 30, 1978, THE RESTRAINT LEVEL

FOR EACH CATEGORY MAY BE EXCEEDED BY NOT MORE THAN AN
ADDITIONAL 14 PERCENT AT THE DISCRETION OF THE SPECIAL
REPRESENTATIVE FOR TRADE NEGOTIATIONS (1,610,000 PAIRS
FOR CATEGORY K1 AND 2,990,000 PAIRS FOR CATEGORY K2).
ANY RESTRAINT LEVEL THAT IS EXCEEDED IN ONE RESTRAINT

PERIOD WILL BE REDUCED FOR THE NEXT SUCCEEDING RESTRAINT
PERIOD BY THE ABSOLUTE AMOUNT BY WHICH IT WAS EXCEEDED.

"4.(D) EXCEPT AT THE DISCRETION OF SPECIAL
REPRESENTATIVE FOR TRADE NEGOTIATIONS DURING THE FIRST
RESTRAINT PERIOD, SUBPARAGRAPHS (A) AND (C) MAY NOT BE
USED IN COMBINATION TO INCREASE THE RESTRAINT LEVEL
APPLICABLE TO ANY CATEGORY IN ANY RESTRAINT PERIOD BY
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MORE THAN 11 PERCENT."

8. IT IS ALSO MY UNDERSTANDING THAT YOUR GOVERNMENT WILL
CONTINUE TO ADHERE TO THE TERMS OF THE AGREEMENT AND WILL
NOT MAKE SIMILAR APPROACHES FOR RELIEF FROM DELAYED ENTRY
OF NONRUBBER FOOTWEAR COVERED BY THIS AGREEMENT.

9. I WOULD APPRECIATE YOUR CONFIRMING THAT THIS PROPOSAL
IS ACCEPTABLE TO YOUR GOVERNMENT. WITH BEST WISHES, I
AM; SINCERELY, ROBERT S. STRAUSS.

10. LETTER 2 BEGINS QUOTE HIS EXCELLENCY AMBASSADOR
ROBERT S. STRAUSS, SPECIAL REPRESENTATIVE FOR TRADE NE-
GOTIATIONS, EXECUTIVE OFFICE OF THE PRESIDENT. DEAR
MR. AMBASSADOR: I HAVE THE HONOR TO ACKNOWLEDGE RECEIPT
OF YOUR LETTER OF TODAY'S DATE WHICH READS AS FOLLOWS:
(QUOTE) I HAVE FURTHER THE HONOR TO CONFIRM THAT THE
PROPOSAL AND YOUR UNDERSTANDING CONTAINED IN YOUR LETTER
IS ACCEPTABLE TO THE GOVERNMENT OF THE REPUBLIC OF KOREA.

11. ACCEPT, SIR, THE RENEWED ASSURANCES OF MY HIGHEST
CONSIDERATION. SINCERELY, YOONSAE YANG, MINISTER. CHRISTOPHER

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Message Attributes

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